



## ***Study of Mandated Health Insurance Services as Required Under Insurance Article § 15–1502***

***November 21<sup>st</sup>, 2019***



**NovaRest**  
ACTUARIAL CONSULTING

# AGENDA



- 1. How ACA Affected Mandated Benefits**
  - a. EHB and Benchmark**
  - b. Mandates Covered by ACA**
- 2. Cost of Mandates**
- 3. Mandates in Surrounding States**
- 4. Conclusion**

This presentation is a companion to the November 21, 2019 NovaRest report *“Study of Mandated Health Insurance Services as Required Under Insurance Article §15-1502.”* Decisions should not be made based on the PowerPoint without also consulting the full report.

# Mandates Under the Affordable Care Act (ACA)

All individual and small group plans must cover the ACA's ten essential health benefits (EHBs).<sup>(1)</sup> A State may require a carrier in the individual or small group market to provide benefits in addition to the EHBs.

1. Ambulatory patient services (outpatient care you receive without being admitted to a hospital)
2. Emergency services
3. Hospitalization (like surgery and overnight stays)
4. Pregnancy, maternity, and newborn care
5. Mental health and substance use disorder services, including behavioral health treatment (this includes counseling and psychotherapy)
6. Prescription drugs
7. Rehabilitative and habilitative services and devices (services and devices to help people with injuries, disabilities, or chronic conditions gain or recover mental and physical skills)
8. Laboratory services
9. Preventive and wellness services and chronic disease management
10. Pediatric services, including oral and vision care (but adult dental and vision coverage are not essential health benefits)

(1) HealthCare.gov. "What marketplace health insurance plans cover" <https://www.healthcare.gov/coverage/what-marketplace-plans-cover/> Accessed August 21, 2019.

# Mandates Under the Affordable Care Act (ACA)

The ACA, through EHB requirements and through the Benchmark plan, required inclusion of many benefits that were already mandated in Maryland.

## **Benchmark Plan:**

- The Benchmark plan is the reference plan for determining what benefits must now be covered in the individual and small group markets.
- The Benchmark plan includes all EHBs and most mandated services in effect prior to 2012 for each market.
- Some mandates in effect prior to 2012 require benefits to be offered but not covered, which are not in the Benchmark plan.
- Maryland's Benchmark plan is the CareFirst HMO/HRA \$1500 from 2017 for both the individual market and the small group market but differs slightly because IVF and hair prostheses are not mandated benefits in the small group market.

# New Mandates since 2011

## The Implication of New Mandates:

- New mandates in the individual and small group markets would have to be funded by the State.
- Mandates added after December 31, 2011 only apply to the large group market (except for opioid abuse-deterrent<sup>(3)</sup>) because any new mandates to the individual and small group markets after that date would have to be funded by Maryland.
- Up to this point, the Legislature has considered mandates but has been reluctant to apply them to the individual and small group markets unless the State is not subject to defraying the added cost of the mandate.

(3) Opioid abuse-deterrent was added to the individual and small group markets since federal law permitted drug treatment benefits to be added without cost defrayal by the states.

# Cost of Current Mandates

As a Percentage of Wages (\$58,769)				
Type	Individual	Small Group	Large Group	State Employee Plan
Full Cost*	1.4%	1.4%	1.4%	1.4%

As a Percentage of Premium				
Type	Individual	Small Group	Large Group	State Employee Plan
Full Cost	12.1%	14.8%	13.7%	4.9%
Marginal Cost	0.17%	0.20%	0.19%	0.07%

**Marginal Cost:** equals the full cost of the service minus the value of the service that would be covered either because carriers typically cover the service or the service is covered under the individual and small group EHB-Benchmark plan.

\* The full cost as a percentage of wages is the same for all markets since a constant per member per month (PMPM) cost of the mandates was applied across all markets and the Maryland average wage is the same for all markets.

# Mandates In Surrounding States

Number of Maryland Mandated Benefits Required in Neighboring States	
State	2019
Delaware	20
District of Columbia	12
Maryland*	53
Pennsylvania	15
Virginia	22

Mandates Not Required in MD
Autism spectrum disorder applied behavior treatment
Cancer monitoring test
Coverage for treatment of pediatric autoimmune neuropsychiatric disorders
Coverage for victims of rape and incest
Dental services for children with severe disabilities
Emergency department HIV screening
Hormone replacement therapy
Minimum hospital stays for hysterectomy
Pap smear
Scalp hair prosthesis as a result of alopecia areata, resulting from an autoimmune disease
School-based health centers

\* Only 47 of the 53 mandates were in the scope of this report.

# Mandates In Surrounding States

Potential Cost, as a Percent of Premium, of Mandating Benefits in Maryland that are Currently Mandated in Neighboring States					
Mandates Not Required in MD	Full Cost				Total Change
	DE	DC	PA	VA	
Autism spectrum disorders applied behavior treatment services	0.30%		0.30%	0.30%	0.3%
Cancer monitoring test	0.00%				0.0%
Coverage for treatment of pediatric autoimmune neuropsychiatric disorders	0.12%				0.1%
Coverage for victims of rape and incest				0.00%	0.0%
Dental services for children with severe disabilities	0.10%				0.1%
Emergency department HIV screening		0.01%			0.0%
Hormone replacement therapy		0.01%			0.0%
Minimum hospital stays for hysterectomy				0.13%	0.1%
Pap smear	0.00%	0.00%	0.00%	0.00%	0.0%
Scalp hair prosthesis as a result of alopecia areata, resulting from an autoimmune disease	0.00%				0.0%
School-based health centers	0.00%				0.0%
<b>Total</b>	<b>0.52%</b>	<b>0.02%</b>	<b>0.30%</b>	<b>0.43%</b>	<b>0.7%</b>



# Conclusions

## 1. Comparison to 2012 Report

- a. A combination of the ACA EHBs and the Benchmark plan result in the mandates in effect prior to 2012 being covered in the small and individual markets.
- b. ACA has reduced the marginal cost of mandates since the EHB-Benchmark plan now covers most of the mandates in effect prior to 2012, unlike the 2012 report which could only guess on the ACA impact.
- c. Primarily the new Maryland mandates only apply to the large group market and therefore do not result in a cost to the State but do result in a cost to the large group plans and members.

## 2. Full Costs (see report for more details)

- a. As a percent of Premium 4.9%-14.8% depending on the market premium
- b. As a percent of Wages 1.4%

## Conclusions (Cont.)

### 3. Comparison to Neighboring States

- a. Of the 22 mandates in the neighboring states that are similar to Maryland's mandates, most are not as rich (-3% of premium impact to reduce Maryland mandates).
- b. Adding the 11 mandates in other states not mandated in Maryland would result in an average cost increase of 0.7% of premium.

### 4. Self-Insured Market (see report for more details)

- a. 12 mandates are covered by less than 1/3 of self-insured employers.
- b. 81% - 90% of membership cover most<sup>(4)</sup> of the mandates.

(4) As determined by the primary carriers that administer health benefits for self-insured plans in Maryland.

## Conclusions (Cont.)

### 5. Cost of Mandates

- a. The cost of each mandate is small but they add up.
- b. New mandates in the individual and small group markets would have to be funded by the State.<sup>(5)</sup>

(5) Affordable Care Act § 1311(d)(3)(B) (42 U.S.C. 18031(d)(3)(B)); Department of Health and Human Services. “Federal Register/Vol. 78, No. 37.”  
<https://www.govinfo.gov/content/pkg/FR-2013-02-25/pdf/2013-04084.pdf> Accessed October 16, 2019